

HOUSE BILL 1093

C3

8lr1813

By: **Delegate Morhaim**

Introduced and read first time: February 7, 2008

Assigned to: Ways and Means and Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Coverage Fund – Tax on Health Insurance Premiums – Access to**
3 **Health Care**

4 FOR the purpose of increasing the tax rate on health insurance premiums; requiring,
5 beginning on a certain date, a portion of the amount generated by the tax on
6 health insurance premiums to be distributed to the Health Care Coverage
7 Fund; requiring the value of a certain premium tax exemption to be calculated
8 using a certain tax rate; and generally relating to an increase in the tax rate on
9 health insurance premiums to benefit the Health Care Coverage Fund.

10 BY repealing and reenacting, with amendments,
11 Article – Insurance
12 Section 6–103 and 14–106(a)
13 Annotated Code of Maryland
14 (2003 Replacement Volume and 2007 Supplement)

15 BY adding to
16 Article – Insurance
17 Section 6–103.2
18 Annotated Code of Maryland
19 (2003 Replacement Volume and 2007 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
21 MARYLAND, That the Laws of Maryland read as follows:

22 **Article – Insurance**

23 6–103.

24 The tax rate is:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) 0% for premiums for annuities; [and]

2 (2) 3% FOR PREMIUMS FOR HEALTH INSURANCE; AND

3 [(2)] (3) 2% for all other premiums, including:

4 (i) gross receipts received as a result of capitation payments
5 made to a managed care organization, supplemental payments, and bonus payments;
6 and

7 (ii) subscription charges or other amounts paid to a for-profit
8 health maintenance organization.

9 **6-103.2.**

10 **NOTWITHSTANDING § 2-114 OF THIS ARTICLE, BEGINNING JANUARY 1,**
11 **2009, FROM THE TAX IMPOSED ON HEALTH INSURANCE PREMIUMS UNDER THIS**
12 **SUBTITLE, ONE-THIRD OF THE AMOUNT GENERATED SHALL BE DISTRIBUTED**
13 **ANNUALLY TO THE HEALTH CARE COVERAGE FUND ESTABLISHED UNDER §**
14 **15-701 OF THE HEALTH - GENERAL ARTICLE.**

15 14-106.

16 (a) (1) It is the public policy of this State that the exemption from
17 taxation for nonprofit health service plans under § 6-101(b)(1) of this article is granted
18 so that funds which would otherwise be collected by the State and spent for a public
19 purpose shall be used in a like manner and amount by the nonprofit health service
20 plan.

21 (2) **NOTWITHSTANDING § 6-103 OF THIS ARTICLE, THE VALUE OF**
22 **THE PREMIUM TAX EXEMPTION GRANTED TO A NONPROFIT HEALTH SERVICE**
23 **PLAN SHALL BE CALCULATED USING A TAX RATE OF 2%.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2008.